



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1341

Texaco Exploration & Production Inc.
205 E. Bender Blvd.
Hobbs, New Mexico 88240

Attention: Mr. Kirk W. Spilman

*R.R. Sims "B" Well No. 1
Unit O, Section 4, Township 23 South, Range 37 East, NMPM,
Lea County, New Mexico.
North Teague Lower Paddock-Blinebry Associated (96314) and
North Teague-Tubb Associated (96315) Pools*

Dear Mr. Spilman:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C., the daily allowable producing rates from the subject well are hereby established as follows:

Oil 107 B/D Gas 642 MCF/D Water 214 B/D

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Subsequent to the entry of this order, the applicant shall obtain a stabilized producing rate from the North Teague Lower Paddock-Blinebry Associated Pool and from the total commingled producing stream within the wellbore. North Teague-Tubb Associated Pool production shall be determined by subtracting North Teague Lower Paddock-Blinebry Associated Pool production from the well's total commingled production. A fixed allocation percentage shall be determined utilizing the aforesaid production figures.

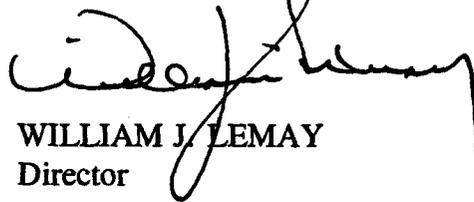
The applicant shall submit the production data and proposed fixed allocation percentages to the Santa Fe office of the Division for approval.

REMARKS: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 4th day of September, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

WJL/DRC

cc: Oil Conservation Division - Hobbs